



Stewardship statement

1 July 2017 – 30 June 2018

We invest for the long-term – to provide our members with a comfortable retirement and to shape the type of world they want to live in.

VicSuper is proud to be a signatory to the Australian Asset Owner Stewardship Code (the Code). We believe that stewardship can positively influence company behaviour and performance and contribute to long-term shareholder value. We are committed to using the tools of engagement and voting to influence company behaviour for the benefit of companies, our members and wider society.

We support the principles outlined in the Code and are committed to continuously improving the quality and transparency of our engagement and voting. As a signatory, this Stewardship Statement provides an overview of how we promote long-term value creation in the listed equities we invest in through our stewardship activities.

Stewardship is the use of ownership to influence the activity or behaviour of investee companies. For listed equities, stewardship involves engaging with the companies we invest in, and voting our eligible shares.

Principle 1: Asset owners should publicly disclose how they approach their stewardship responsibilities

As a shareholder in thousands of Australian and global organisations we take our stewardship responsibilities seriously. We vote at company meetings and engage with companies we invest in to influence improvements in their corporate governance practices and management of social and environmental risks.

Our commitment to stewardship comes from our investment beliefs (contained in our [Investment Policy Statement](#)), and the Principles for Responsible Investment (PRI). We disclose how we approach our stewardship responsibilities in our [Engagement and Proxy Voting Policy](#) and on our [Responsible Investment](#) webpage.

We have priority objectives for our stewardship activities:

Governance	Climate change	Human rights	Gender equity	Natural capital
Promote best practice corporate governance and encourage Boards to maintain focus on shareholder value creation and risk reduction	Support the objectives of the Paris Agreement and the low carbon transition	Promote the protection of human rights in our investment supply chain	Promote gender equity, diversity and inclusion on company Boards	Influence how our industry and key decision makers value natural capital

We believe that stewardship drives tangible change on the issues that are important to us and our members. As companies get better at managing and understanding their risks, they are better equipped to tackle future challenges and adapt to change. We also believe this process drives long-term shareholder value.

Principle 2: Asset owners should publicly disclose their policy for voting at company meetings and voting activity

As a shareholder in the majority of top listed companies in Australia and overseas, we are entitled to vote on resolutions proposed at shareholder meetings. We are committed to voting on all resolutions and last year we voted on more than 26,000. Voting provides us with the opportunity to express our views to management. We vote because we recognize that we have rights and responsibilities as a shareholder and co-owner of the companies we invest in and we seek to fulfil our ownership obligations.

Where a resolution aligns with one of our priority objectives we will seek to take an active position. This may involve voting against management. An increasing number of shareholder resolutions are being included at company meetings. Where these resolutions align with our priorities and support maintenance or strengthening of company value, we will seek to support these resolutions.

Additional information on our approach to voting is contained in our [Engagement and Proxy Voting Policy](#) and on our [Responsible Investment](#) webpage. We publicly disclose our complete voting record on our [Proxy Voting webpage](#).

Principle 3: Asset owners should engage with companies (either directly, indirectly or both)

Engagement involves meeting with representatives of an investee company, usually members of the Board or Executive, in order to advocate for change. Engagement can positively influence investee company behaviour and performance and support the achievement of long-term shareholder value. We seek to influence corporate governance practices and how companies manage social and environmental risks in line with our priority objectives.

VicSuper undertakes company engagement indirectly through service providers - The Australian Council of Superannuation Investors (ACSI) for Australian equities, and Hermes EOS for international developed market equities. We use this approach because we believe it maximises our voice and influence. Last year, through our service providers we engaged with more than 700 companies on more than 1500 issues. Our external investment managers also engage investee companies, based on guidance that we provide. From time to time, where engagements are aligned with our objectives or where we have a material investment in a particular company, we may engage directly.

We also collaborate with our industry and thought leaders through a number of investor organisations, working groups and roundtable initiatives. A full list of the [signatories and organisations](#) we collaborate with is available on our website.

Additional information on our approach to engagement is contained in our [Engagement and Proxy Voting Policy](#) and on our [Responsible Investment](#) webpage.

Principle 4: Asset owners should monitor asset manager's stewardship activities

VicSuper undertakes the majority of its stewardship activities through specialist service providers. These service providers produce regular reporting which we actively monitor. There are two exceptions to this approach, where asset managers rather than our service providers undertake stewardship activities on our behalf. These exceptions are voting on Australian and emerging markets equities.

In the case of Australian equities, VicSuper subscribes to proxy voting advice from ACSI. Our [Engagement and Proxy Voting Policy](#) specifies that our managers are required to vote in line with ACSI recommendations or to liaise with VicSuper to provide an alternative voting rationale in cases where they disagree. This allows for oversight and monitoring of manager voting on an ongoing basis through our voting platform using a range of alerts. We take this approach rather than voting directly because we use external asset managers and we want to ensure alignment between their investment decisions, engagement and voting.

In the case of emerging markets equities, the voting decision rests with the relevant asset manager, as we believe that for emerging markets, the managers have the best knowledge of issues relevant to the companies held. All of our managers are provided with detailed guidance on our engagement and voting priorities. VicSuper retains the right to over-ride any voting recommendation of voting service providers and/or asset managers.

While we use specialist service providers to undertake engagement, we also expect our asset managers to engage on our behalf. As a result, stewardship is a key consideration as part of the selection, appointment and monitoring of managers. As part of the selection process, managers are required to respond to due diligence questions relating to the policy and practical application of stewardship activities. Through our standard asset manager agreements, we require managers to report on engagement activities, which we review and discuss as part of our regular manager review meetings.

Principle 5:
Asset owners should encourage better alignment of the operation of the financial system and regulatory policy with the interests of long-term investors

We believe it is important to align the operation of the financial system and regulatory policy with the interests of long-term investors to achieve the best investment outcomes for our members. We encourage this alignment through submissions to government or regulators; contributing to research; and industry and media campaigns. We may do this directly or support advocacy undertaken on our behalf by collaborative networks.

Recent advocacy activities:

- We endorsed the CFA Societies Australia's Open Letter Campaign - asking asset managers to adhere to the standards set out in the CFA Institute Asset Manager Code.
- We collaborated with Women in Super to help to close the gender super gap through the Make Super Fair campaign which made a number of policy recommendations
- We endorsed the Task Force on Climate-related Disclosures (TCFD), encouraging companies to disclose their climate change risks and opportunities in accordance with the TCFD recommendations and committed to adopt the recommendations for our own reporting
- We signed a Global Investor Statement to Governments on Climate Change in advance of the G7 summit.
- We supported a range of submissions that ACSI made on behalf of its members. A full list of ACSI's submissions are available at <https://www.acsi.org.au/publications-1/policy-submissions.html>

Principle 6:
Asset owners should report to beneficiaries about their stewardship activities

We are committed to reporting to members about how we contribute to long-term shareholder value through our stewardship activities. We provide information about our stewardship activities through the following channels:

- [Annual Report](#)
- [PRI Transparency and Assessment Reports](#)
- [Proxy voting webpage](#)
- [Company engagement webpage](#)

For further information please email corporateresponsibility@vicsuper.com.au

Get in touch – we're here to help

Call our Member Centre

1300 366 216 and speak to a VicSuper super consultant between 8.30am and 5pm, Monday to Friday

Visit us

Bendigo | Blackburn | Geelong | Melbourne CBD | Traralgon

Monday to Friday
8.30am to 5pm

To make an appointment to see a VicSuper financial planner call **(03) 9667 9200**

Send us a fax
(03) 9667 9610

Write to us

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Melbourne VIC 3001

Browse our website

vicsuper.com.au

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vicsuper.com.au/mobileapp

Manage your account online

Simply visit our website to login

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